Public Comments

Implementation of the Wassenaar Arrangement List of Dual-Use Items; Revisions to the Commerce control List and Reporting Requirements Under the Wassenaar Arrangement
(63FR02452 - January 15, 1998)

WASS-1	Kodak	01/28/98
WASS-2	Siemens	02/06/98
WASS-3	DuPont	02/16/98
WASS-4	Varian	02/17/98
WASS-5	3M	02/17/98
WASS-6	RPTAC	02/17/98
WASS-7	ICOTT	03/20/98
WASS-8	Dewey Ballentine	03/10/98

WASS1-1

January 28, 1998

Patricia Muldonian
Regulatory Policy Division
Bureau of Export Administration
Department of Commerce
P.O. Box 273
Washington, D.C. 20044

SUBJECT: Comments Regarding Federal Register Dated January 15, 1998

Dear Ms. Muldonian,

This letter has been prepared to offer comments regarding the Federal Register published on January 15, 1998, entitled "Implementation of the Wassenaar Arrangement List of Dual-Use Items...".

The following suggestions would be extremely helpful to manufacturers' and exporters' as they digest and implement the massive changes reflected in this particular Federal Register.

a. **Provide a list of the ECCNs that are being deleted from the CCL.**
By doing this, it would enable a company to note, at a glance, if any of their export controlled products need to be re-assigned new ECCNs based on the deletion of several ECCNs. I counted 63 deleted ECCNs. I spent several tedious hours performing a one-to-one comparison check using the Federal Register CCL against the current CCL to determine which ECCNs were deleted. Also, it would be helpful to have a list of the new ECCNs as well, so that we could get a feel for what ECCN categories are most affected by the changes and allow us to focus on those areas.

b. **State in clear language if the CCL contained in the Federal Register completely replaces the current CCL.**
The summarization outline, beginning on page 2453, was not at all inclusive of the many changes that were made to the CCL. It gave the impression that only certain parts of the CCL were printed in the Federal Register. I am assuming that the CCL contained in the Federal Register totally replaces the current CCL. If so, the Advisory Notes for each applicable ECCN category were omitted in the Federal Register copy. Therefore, we must now refer to two publications to perform our duties.

c. **The April 15, 1998 deadline might not be enough time for larger companies.**
For manufacturers' and exporters' who handle hundreds of thousands of items, the 90-day grace period may not be reasonable. Not only have 63 ECCNs been deleted and 92 ECCNs added (based on my own calculations), but the ECCNs that remain have changes made within their entries as well. This means that all products have to be re-evaluated to see if the ECCNs they have been assigned still apply or if another ECCN is more appropriate. This is a daunting task even for a few hundred items.

d. **Provide a listing of the countries that make up the Wassenaar Arrangement.**
It would be helpful to know what countries are a part of the Wassenaar Arrangement. No where in the EAR is this addressed. An appropriate place might be in Part 743.1 (a) scope: after the first sentence.

I feel that these recommendations are not without merit and can be accomplished fairly easily. Hopefully, you will agree that these are worthwhile and can be considered for the next major revision. With so many significant changes taking place, these suggestions will help ensure that everyone involved with the regulations will come away with the same understanding of the interpretations which is essential to ensuring that a positive compliance record is maintained, and it will help us focus on the areas of the most importance. I can be reached at 716-588-7273 if further clarification is needed.

Sincerely,

Dianne DeLettera

Dianne DeLettera
Export Regulations
Eastman Kodak Company

WASS2-1

SIEMENS

February 6, 1998

Ms. Patricia Muldonian
Bureau of Export Administration
U.S. Department of Commerce
14th and Pennsylvania Avenue, NW
Washington, DC 20230

RE: Federal Register dated January 15, 1998 "Implementation of the Wassenaar Arrangement List of Dual-use items: Revisions to the Commerce Control List and Reporting Under the Wassenaar Arrangement"

Dear Ms. Muldonian:

On behalf of Siemens Corporation, and with respect to the above referenced Federal Register notice, the consideration of the following comments and recommendations is greatly appreciated:

1. It is recommended that the Bureau of Export Administration "BXA" implement the reporting requirements consistent with the requirements imposed on other Wassenaar member countries. Particularly with respect to the differing understanding of the term "export". For example, the "export" of certain technology under license exception TSR is required to be reported semiannually when released to specified countries. There appears to be no exemptions from this reporting requirement. It is my understanding that no other Wassenaar member country has a "deemed export" provision, consequently all other Wassenaar member countries are not obligated to report exports activities that would fall under the "deemed export" provisions in the EAR.

   Therefore, it is recommended that BXA amend part 743.1 to except the releases of technology to foreign nationals pursuant to the "deemed export" definition cited in EAR 734.2 (b)(2)(ii). In the spirit of uniformity and regulatory simplification, it is requested that BXA to exempt the "deemed exports" from the reporting requirement.

2. With respect to the format for reporting "technology" exports, it appears that the export between related parties must be monitored on a micro-level to ensure compliance with the reporting requirement. For example, including but not limited to, export as a result of verbal discussion, e-mail and fax transmission. Therefore, it is recommended that BXA adopt a provision in part 743.1(b) to specifically address the reporting requirements for

Siemens Corporation

186 Wood Avenue South
Iselin, NJ 08830

Tel: (732) 321-3100

SIEMENS

technology exports as it is not practical to manage exports of technology on the micro-level. It is proposed to allow exporters to be able to provide a "scope" report to BXA with respect to technology exports, rather than a transactional account method. The scope report would include: the ECCN for the technology exported during the reporting period; the country of ultimate destination; and the name of the exporter

3. Per section 743.1(c)(v) of the EAR, it was determined in the Wassenaar Arrangement that items classified under ECCN subparagraph 5A001.b.8, i.e., radio equipment employing spread spectrum or frequency agility techniques, and test equipment therefore, is subject to the semiannual reporting requirement. Part 743.1(c)(v) also requires U.S. exporters to file a semiannual report for exports, to the specified countries, for all software controlled by 5D001.a. and technology controlled by 5E001.a Was it the intent under the Wassenaar Arrangement reporting requirement to require the report of export for all software and technology for the entire universe of items controlled under 5A001? Or, or is the intent to require the report for software and technology specifically related to 5A001.b.8 items?

   The cost associated with reporting the export of all software controlled by 5D001.a and technology controlled by 5E001.a is clearly far more imposing then the requirement to report the export of software and technology specific to 5A001.b.8 items.

   If the intent of the Wassenaar Arrangement is only require the report of the export of software and technology relating to radio equipment employing spread spectrum or frequency agility techniques, then it is recommended that BXA revise the paragraph 743.1(c)(v) to read, in part, "5D001.a and b. ("software" specially designed for 5A001.b.8), 5E001.a ("technology" specially designed for 5A001.b.8)...".

   Note: The same revision is recommended for the reporting requirement for other CCL categories affected by the same concept, e.g., 3D, 3E, 6D, 6E, etc.

4. Finally, the January 15, Federal Register notice significantly alters the type of authorization required for the export of certain items subject to the EAR. For example, the following four areas affecting the control status of items are impacted by the rule: 1)

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part 740 of the EAR is revised by "removing License Exception availability for missile technology (MT) controlled items..."; 2) items previously eligible for a license exception are subject to a license because there are new restrictions on "certain commodities, technologies, and software controlled for national security reasons for which the U.S. has agreed to license with extreme vigilance"; 3) the Wassenaar Arrangement releases several formally national security controlled items to the more liberal antiterrorism control level in the CCL; and 4) it appears new controls have been imposed on items formally not listed in the CCL, e.g., 6A001a.2.e. BXA has not provided the exporting community with list or cross-reference guide of the changes affecting these four areas. Therefore, prudence would dictate that virtually every item subject to the EAR be reclassified by February 17, 1998. For large multinational companies such as Siemens, converting and insuring compliance with the new regulation will require more than one month to complete. Therefore, it is requested that BXA consider granting the exporting community an interim period of six (6) months where either the new or old provisions can be used, similar to the flexibility granted under the "Reg. Re-write" initiative.

Ms. Muldonian, I respectfully request that you and your colleagues favorably consider these recommendations. Thank you in advance for your consideration of these issues. If you or staff have questions regarding this letter, please contact Neil at (732) 321-3891.

Sincerely,
SIEMENS CORPORATION

R. John Larson
Director, Export Administration Dept.

Neil R. Trenchard
Manager, Export Administration Dept.

WASS3-1

DuPont Sourcing
Brandywine Building
Wilmington, DE 19898

DUPONT

DuPont Sourcing

February 16, 1998

Ms. Patricia Muldonian
Regulatory Policy Division
Bureau of Export Administration
Department of Commerce
P.O. Box 273
Washington, DC 20044

Attn: Ms. Muldonian

E. I. DuPont de Nemours & Co. would like to submit the following comments with regard to the Interim Rule on the Wassenaar Arrangement List of Dual Use Items.

Since representatives of 33 countries have approved the Arrangement, it seems practicable that those countries should be differentiated on the Commerce Country Chart; even if the U.S. does not choose to treat all member countries equally for all commodities. Maintaining the old A:1 country listing seems to leave unfinished the effort to complete and implement this new regime.

This rule also imposes reporting requirements under License Exceptions: LVS, GBS, CIV, TSR, CTP, and GOV. An exporter should be required to report only when the "dual use" item is not going for a civil or industrial application. Since the goal of the Wassenaar Arrangement is to "enhance transparency and assist in developing common understandings of risks associated with the transfers", this approach would target the unusual transactions, rather than all transactions. CIV specifically should not require any reporting—by its very nature, the end use/end user has been verified. Also, the reporting requirement should apply only to exports to non-Wassenaar member countries. The regulations except only A:1 countries.

WASS 3-2

A comment specific to ECCN 1C210 with regard to "specific tensile strength":
old regs read 23.5 x 10 to the 4th m or greater;
Wassenaar reads 235 x 10 to the 3rd m or greater

old regs read 7.62 x 10 to the 4th m or greater;
Wassenaar reads 76.2 x 10 to the 3rd m or greater.

Is there a reason for this change in measurement? No change was made in related ECCN's 1C010 and 1C990. Consistency in these categories is important.

We appreciate the opportunity to offer these comments.

Very truly yours,

Marcella D. Stewart
Export Control Manager

W1554-1

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February 17, 1998

Ms. Hillary Hess
Director, Regulatory Policy Division
Room 2096
Bureau of Export Administration
United States Department of Commerce
P.O. Box 273
Washington, D.C. 20044

Re: Comments on the Wassenaar Arrangement Interim Regulation

Dear Ms. Hess:

I am writing on behalf of Varian Associates, a manufacturer and exporter of industrial linear accelerators used for non-destructive testing (NDT), **to express our deep concern over BXA's elimination of License Exception eligibility for MT items.**

Varian Associates Inc. has been manufacturing and exporting its brand of industrial linear accelerators (called Linatrons) for over 25 years. We have exported approximately 150 of these machines to destinations all over the world. While this NDT equipment can be used for rocket motor propellant inspection, the vast majority of our customers are using their linear accelerators for a variety of other benign purposes such as inspections of welds, castings and pressure vessels or as cargo-screening machines.

We believe that the recent unexpected change to the regulation is unnecessary because strong protections exist against improper exports of replacement parts to customers engaged in missile sensitive activities in missile countries-of-concern. As you know, the EPCI rules already require exporters like Varian to seek a validated license if we know or suspect our Linatron customer is engaged in missile sensitive activities in a missile country-of-concern. In order to ensure strict compliance with EPCI, many years ago, Varian prepared a detailed customer matrix which lists all our Linatron customers. We use this matrix to carefully screen all incoming orders for parts or service. For example, if a customer is located in Europe (or other non-sensitive country), we know we can supply the parts without obtaining an export license. Conversely, if a customer is located in a country-of-concern for missile proliferation, we likewise know we must secure an export license if the customer is engaged in a missile related activity.

W1554-2

The elimination of License Exception RPL for parts to totally benign customers, such as the Arianne launch site in French Guyana, will result in a terrible hardship for my company as well as our customers. Can you imagine the diplomatic outcry from the French or Italians when their next Arianne rocket launch (of a commercial satellite) is delayed while BXA processes an export license for a critical Linatron replacement part?

In our view, **BXA needs** to quickly and immediately **establish a license free zone for shipments to countries which are members of the MTCR.** Shipments of replacement items to Europe simply should not be hampered by the U.S. government's protracted and complicated license review process. Beyond that, BXA might consider restoring the authority of this License Exception to all countries except those which are of stated concern for missile proliferation (Supplement No. 1 to Part 740, D4 countries).

Given the fact that the Export Administration Act has lapsed, the Executive Branch has the discretion to reinstate this License Exception. We hope you will exercise this option. Thank you for your consideration.

Sincerely,

Carol Henton

Carol Henton
Manager, Export Administration

cc: Raymond Jones - Director, Missile Technology Division
Steve Goldman - Acting Dir., Office of Nuclear & Missile Technology Controls

WAmtcr.doc

WASS 5-1

Ronald O. Baukol
Executive Vice President

3M International Operations

3M Center, Building 220-14E-14
St. Paul, MN 55144-1000
612 733 5934
612 733 6243 Facsimile

3M

February 17, 1998

Ms. Patricia Muldonian
Regulatory Policy Division
Bureau of Export Administration
U.S. Department of Commerce
P. O. Box 273
Washington, DC 20044

Re: Docket Number 971006239-7239-01 Interim rule with request for comments. Implementation of the Wassenaar Arrangement List of Dual-Use Items: Revisions to the Commerce Control List and Reporting Under the Wassenaar

Dear Ms. Muldonian:

With the implementation of the Wassenaar Arrangement, 3M understands and supports the U.S. government intent to coordinate export control regulations on a multilateral basis. Furthermore, 3M recognizes that participating countries have committed to exchange information with each other on certain exports of dual-use goods and technologies to countries outside of the Wassenaar Arrangement.

3M supports the reporting requirements for the use of some License Exceptions, especially to the extent that the only alternative would be to require a license for export transactions. This point is significant since 3M businesses are impacted by various ECCNs in the Commodity Control List, including:

1A002	Metal Matrix Composites
1C006	Fluids and Lubricating Materials
1C010	Fibrous and Filamentary Materials
5A001	Telecommunications systems, equipments and components.

The use of License Exceptions greatly facilitates our ability to export controlled 3M products, without any adverse impact on customer service, order cycle time, or inventory levels. 3M typically distributes these materials to its non-U.S.-based subsidiaries and affiliates. The consignees are typically our outside-U.S. subsidiary network. The primary exceptions are 3M shipments of low-value product, shipments for civil end-use, and shipments to Country Group B (low national security risk) countries. 3M also appreciates that there is no such reporting requirement for re-exports.

3M has two requests for adjustments in regulations.

A) It would facilitate the overall export process, both for industry and the U.S. government, if the regulations were amended to recognize all thirty-two member countries of the Wassenaar Arrangement. The country tables currently reflect only COCOM-era controls.

B) 3M believes that certain chemical materials now restricted by control parameters added under ECCN 1C006(d) should be deleted from the list for three reasons.

First, these materials were previously removed from the control list, after much industry input, and coordination with COCOM, almost seven years ago, in September 1991. 3M participated in various government committee meetings and working groups to discuss product chemistry, global markets, and foreign availability (including especially a new production capability at the time in China). The conditions leading to the exclusion of these chemicals from the control list in 1991 still remain today.

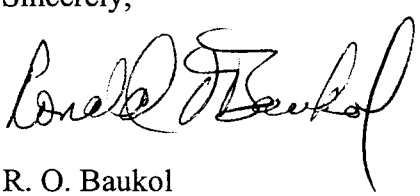
Second, by adding those chemical materials to the CCL, the U.S. has rolled back export control regulations, which was not the intent of the Wassenaar Arrangement.

Third, it seems incongruous to not provide, at minimum, License Exception GBS, for 1C006(d), while there is a provision for low value shipments (by License Exception LVS) up to $1500 per shipment. Indeed, the lack of a reporting requirement for these chemical materials, as is required for previously listed materials, suggests that these materials are not all that strategic in nature. A license exception GBS should be provided.

Finally, we have communicated separately to Mr. Roger Majak, Assistant Secretary of Export Administration, expressing our concern with the saving clause. We suggest a more appropriate deadline for a transition would be April 15, 1998 instead of February 17, 1999 to permit license review and approvals, while minimizing industry disruption.

If more information from 3M is needed, please contact Robert Kimbrel, 3M Center - Building 549-1N-16, St. Paul, Minnesota 55144-3800, telephone 612-737-3236, fax 612-737-4371. Thank you.

Sincerely,



R. O. Baukol
/jl

WASS6-1

Regulations & Procedures Technical Advisory Committee

February 17, 1998

Ms. Hillary Hess
Director, Regulatory Policy Division
Room 2096
Bureau of Export Administration
United States Department of Commerce
P.O. Box 273
Washington, D.C. 20044

Re: Comments on the Wassenaar Arrangement Interim Regulation

Dear ~~Ms. Hess:~~ Hillary

On January 15, 1998, the Export Administration Regulations (EAR) were amended to implement the agreements between the various member countries who participate in the Wassenaar Arrangement (WA). The members of the Regulations and Procedures Technical Advisory Committee (RPTAC) commend BXA for publishing this very important regulation, which will bring export control relief to numerous industries and exporting companies. However, like the revised version of the EAR published in 1996, this Wassenaar Regulation should be seen as a "work in progress." Our comments, therefore, while highlighting some positive aspects of the changes, also identify areas in need of further attention. In addition to key areas of concern expressed in this letter, we are attaching detailed comments which we hope BXA will use in fixing numerous anomalies or inconsistencies.

RPTAC particularly appreciates BXA's acceptance of its earlier recommendation for a savings clause, especially in the revised form extending the date to April 15, which we understand will be published in the February 17 Federal Register.

We very much support the telecommunications revisions eliminating controls on modems, which had resulted in controls on otherwise decontrolled computers. We appreciate the reduction of the number of ECCNs for semiconductor manufacturing equipment (which had been expanded to eight with the 1996 EAR rewrite). This change, along with a decrease in the level of control for test equipment, is welcomed.

RPTAC notes its appreciation for the hundreds of corrections which have been made in the regulation stemming from our comments on earlier drafts. However, much more work remains. The "Supplementary Information" section recognizes that errors were "unavoidably reprinted." As an aid to the correction of continuing (and new) errors, attached please find three documents. The one entitled "Corrections of Errors" gives line-in line-out recommended corrections, together with explanatory comments. The other two, entitled "Over-Coverage, Under-Coverage and Irrationalities" and "Munitions Production Irrationalities" summarize the more significant findings with respect to errors.

We are concerned that License Exception reporting requirements go beyond the Wassenaar commitment in two respects: (1) descriptions of the affected items are broader than those contained in the Wassenaar Annex 1 (sensitive) list; and (2) the requirement applies to exports to Wassenaar participating states who were not COCOM members, such as Russia and South Korea.

In addition, elimination of License Exception eligibility for MT items goes beyond the provisions of the 1991 NDAA amendment to the EAA on which it is based, because descriptions of the MT portions of 70 ECCNs are broader than the corresponding texts in the MTCR Annex. Since both the EAA and its 1991 amendment have expired, the Executive Branch now has discretion, which RPTAC urges be used to: (1) reinstate eligibility for RPL, LVS, and TSR, the lack of which will create severe practical difficulties; and (2) permit exports without a license to other countries which are members of the MTCR regime (as the EAR does, in large part, for the other multilateral regimes).

Elimination of License Exception eligibility for items on the Wassenaar Annex 2 (very sensitive) list also goes beyond the Wassenaar commitment because the list of 16 European countries not affected in TSR (and GOV) revisions omits several Wassenaar participating states (even Japan!) and elimination of LVS applies even to the 16 European countries. While we understand that eliminating License Exceptions for exports of these items to non-Wassenaar participating states stems from a U.S. agreement with the other WA members, we anticipate compliance problems resulting because of the way they are defined in Annex 2.

RPTAC also urges corrections of numerous unexplained instances (identified in the attachments) of lost License Exception or NLR eligibility and of non-conformance with multilateral Wassenaar, MTCR, or NSG texts.

Also, of concern is the transfer of four MT production equipment items to the USML without any indication how the Department of State will (1) incorporate the transferred coverage into the U.S. Munitions List, (2) interpret expressions such as "specially designed," or (3) distinguish between these items and the numerous related items still on

the CCL. If any dual-use munitions production equipment is now construed to be on the USML, the rationale for this transfer is inconsistent with the fundamental purpose of Commerce national security export controls.

We hope that BXA will find these comments and the attachments helpful. The RPTAC feels that it has an ongoing responsibility to work with BXA on the continued implementation of the Wassenaar Arrangement in the United States. I would like to thank those members of the committee who provided helpful input into preparing these comments, in particular Bill Root, Karen Murphy, Dave Calabrese, and Jim Wyatt.

Respectfully submitted;

Carol Henton

Carol Henton
Chair, RPTAC

cc: Members of the RPTAC
Lee Ann Carpenter - BXA

Attachments

rptacwa.doc

WASS 7-1

ICOTT INDUSTRY COALITION ON TECHNOLOGY TRANSFER
1400 L Street, N.W. Washington, D.C. 20005 Suite 800 (202) 371-5994

March 20, 1998

VIA FIRST CLASS MAIL

Ms. Patricia Muldonian
Regulatory Policy Division
Bureau of Export Administration
U.S. Department of Commerce
P.O. Box 273
Washington, DC 20044

Re: Implementation of the Wassenaar Arrangement List of Dual-Use Items

Dear Ms. Muldonian:

The Industry Coalition on Technology Transfer (ICOTT) appreciates the opportunity to comment on the regulations implementing the 1996 Wassenaar Arrangement (the Regulations). 63 Fed. Reg. 2452 (Jan. 15, 1998). While we appreciate the United States government's effort to harmonize this nation's controls with those imposed by other members of the Wassenaar Group, we are profoundly disappointed that the Regulations tighten controls on some items and eliminate others' eligibility for license exceptions. We are interested in learning whether other nations demanded controls stricter than ours and hence ask whether any of the new restrictions originated with or were proposed by the United States. Our specific comments are:

- We support the February 17 notice, 63 Fed. Reg. 7699, that extended the grace period for unlicensed exports of items newly controlled by the regulations until April 15, 1998.

- The new reporting requirements on license exceptions are broader than the requirements agreed to by the Wassenaar Group because the items to which they apply include many not included in Wassenaar Annex 1 and because several Wassenaar participating states (e.g., Russia, South Korea) are not excepted from the reporting requirement.

- The Regulations eliminate license exceptions for missile technology items, supposedly because this is required by a 1991 amendment to the Export Administration Act (EAA). We see two problems with this action. First, the EAA expired in August 1994 and there is little likelihood that it will be resuscitated in the foreseeable future. The missile technology amendment to the "EAA" was enacted during a previous period when there was no EAA (September 1990-March 1993) and therefore had independent standing *until the EAA was resuscitated.* Once the resuscitation occurred, however, the missile technology provisions became like any other part of the EAA and expired with the rest of the EAA in August 1994. Thus the Administration is not legally bound to drop the eligibility of missile technology items for license exceptions. (The executive order extending the Export Administration Regulations without exception could be amended if need be without undue difficulty.) Second, descriptions of about seventy Export Control Classifications Numbers (ECCNs) that include missile technology controls are broader than the corresponding portions of the Missile Technology Control Regime (MTCR) Annex. This in turn means that to the extent of the overbreadth, these controls are unilateral and have not been adopted by the other MTCR member nations.

- There are numerous other unexplained losses of license exception eligibility. These are detailed in documents previously submitted as part of the comments of the Regulations and Procedures Technical Advisory Committee and include a loss of License Exception CIV for microprocessors (ECCN 3A001a.3.a) whose composite theoretical performance (CTP) exceeds 500 million theoretical operations per second (MTOPS). While this limitation appeared in the pre-1996 version of the EAR, advances in technology and foreign availability suggest that the limit should be removed or at least set substantially higher than 500 MTOPS. Whether or not the other removals of license exception eligibility are intentional, their effect upon United States exporters is real and substantial.

The Industry Coalition on Technology Transfer (ICOTT) is a group of major trade associations (names listed below) whose thousands of individual member firms export controlled goods and technology from the United States. ICOTT's principal purposes are to advise U.S. Government officials of industry concerns about export controls, and to inform ICOTT's member trade associations (and in turn their member firms) about the U.S. Government's export control activities.

Sincerely,

David Calabrese
Acting Chair, Coordinating Committee

Eric L. Hirschhorn
Executive Secretary

ICOTT Members

American Electronics Association (AEA)
American Association of Exporters and Importers (AAEI)
Electronic Industries Association (EIA)
Semiconductor Equipment and Materials International (SEMI)
Semiconductor Industry Association (SIA)

WASS 8-1

DEWEY BALLANTINE LLP

1775 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20006-4605
TEL 202 862-1000 FAX 202 862-1093

March 20, 1998

W. CLARK MCFADDEN II
202 429-2333
clark_mcfadden@deweyballantine.com

Ms. Patricia Muldonian
Regulatory Policy Division
Bureau of Export Administration
Department of Commerce
P.O. Box 273
Washington, DC 20044

Re: Request for Comments on the Revision to the Commerce Control List and Reporting Under the Wassenaar Arrangement (63 Fed. Reg. 2452; January 15, 1998).

Dear Ms. Muldonian:

The Semiconductor Industry Association ("SIA") would like to offer comments on the interim rule revising the Commerce Control List ("CCL") and implementing new reporting requirements under the Wassenaar Arrangement. SIA represents over 60 U.S.-based semiconductor manufacturers that account for the majority of semiconductor production in the United States.

SIA supports the international harmonization of export controls. If properly implemented, such an effort can increase the global effectiveness of limited export controls, while not imposing a competitive penalty on exporters of any particular country.

Under the revised CCL, U.S. companies in many instances continue to face stricter controls than do their foreign competitors, placing them at a disadvantage in the global market for semiconductors. The U.S. should make as a primary policy goal of on-going negotiations under the Wassenaar Arrangement the adjustment of U.S. export controls as a means of bringing about the equalization of national export control lists and enforcement practices.

In addition to the revision of the CCL, the interim rule imposes new semiannual post-shipment reporting requirements for certain exports made under various license exceptions. SIA offers the following comments regarding these new requirements:

- The country exceptions provided for in the interim rule (§ 743.1(d)) should be extended to, at a minimum, all 33 Wassenaar member countries. Currently, only shipments to the 17 nations of Country Group A:1 are exempt from the reporting

requirements. Most other member countries require reporting only for shipments destined for non-member countries. To maintain a competitive balance and provide necessary relief from the administrative burden, the country exceptions should be expanded.

- To avoid unnecessary duplication of reporting, a U.S. exporter should not have to report a shipment passing through and being reported to another member country. For example, in cases where a U.S. exporter conducts a drop-shipment through a foreign affiliate in another Wassenaar member country, the shipment should have to be reported only once. If the foreign affiliate is reporting the subsequent shipment under its country's own Wassenaar commitments, the U.S. exporter should be exempt from reporting.

If you have any questions or comments about these points, please contact me at (202) 429-2333.

Sincerely,

W. Clark McFadden II
Counsel to the Semiconductor
Industry Association